

Governor's Insurance Council
Minutes of Meeting, September 29, 2009

The meeting was called to order by Acting Chair Mark A. Male at 8:40 a.m.

I. Introduction, Attendance, Antitrust Admonition and Minutes

Attendance was taken and each member or guest introduced himself or herself. Mr. Male provided the antitrust admonition. Minutes of the June 30, 2009 meeting of the Council were approved as distributed to the members.

II. Department of Business Regulation Update

Superintendent of Insurance Joseph Torti gave the Department's update.

The following Insurance Regulations have been issued by the Department:

- Regulation 25: Automobile Insurance Rating: Hearing scheduled for October 21 at 11:00. The proposed amendments result from the increase in damage threshold trigger from \$1000 to \$1500 in accordance with RI Gen. Laws §27-9-4. Section 3 adds a definition for motor vehicle and commercial insurance and expands on the definition of private passenger automobile. Language that had caused concern regarding six (6) month policies was removed from the definition of renewal. Section 4 was rewritten to indicate the applicability of various portions of the regulation. Section 11 clarifies the applicability only to private passenger automobile insurance. Section 13 clarifies effective date of amendments regarding the change in damage threshold.
- Regulation 110: Residential Property Insurance - Hearing scheduled for October 21 at 10:00. The proposed changes result from recent amendments to RI Gen. Laws §27-5-3.7 concerning the application of hurricane deductibles for Block Island and the remainder of the state. Sections 3 adds a definition of National Weather Service in accordance with the 2009 legislative amendments. Section 8 is amended to clarify when a nonrenewal plan must be filed with the Department and the content of those plans. Section 9(G) is proposed to be repealed.
- Regulation 40: Continuing Education for Insurance Producers and Regulation 103: Licensing fees were amended to be effective September 14, 2009 based upon a recent statutory increase in fees.
- Regulations 46 (Med Supp), 47 (Med Supp Advertising), 57 (MEWAs) and 82 (Small employers) - Hearing scheduled for October 20, 2009 at 10 am. The OHIC has adopted updated regulations replacing these 4 Regulations, therefore, these are all proposed for repeal.

The following Insurance Bulletin has been issued by the Department:

- Bulletin 2009-7- Attachment Warehouse issued Sept 14, 2009: The purpose of this bulletin is to advise all insurance companies and insurance producers, insurance adjusters, title insurance producers, surplus lines brokers and motor vehicle damage appraisers (“licensees”) that Rhode Island will immediately begin to accept documents and notices submitted on behalf of insurance producers through the NAIC/NIPR Attachments Warehouse, which will allow for the electronic filing of licensing related documents.

Mr. Torti advised that the RI Life and Health Guaranty Association Act has been amended for insolvencies on or after January 1, 2010 increasing the limits from \$100,000 to \$300,000.

The Department gave a brief update on ABARI’s Appeal to the Supreme Court. DBR’s brief was due and filed on Monday, September 28, 2009. We await a hearing date. Arguments are expected this fall.

Executive Counsel Richard Bernstein reported that Commercial Licensing Regulation 3 has been amended effective September 24, 2009. The Regulation follows PUC rate structure. In addition, CL Division is considering amending CL Regulation 4. Proposed changes will be discussed at the next Auto Collisions Repair Licensing Advisory Board to be held Wednesday September 30, 2009. The Department is considering revisiting the work-completed form to streamline the process, and to also address reinspection rates.

III. DLT Update

The DLT update was given by Matt Carey.

- Employee Misclassification and Underground Economy Bill: Proposals are pending to change the definition of Independent Contractor. This will change the way the state does business. Waiting to cross over.
- Omnibus Bill: The Workers’ Compensation Advisory Council’s omnibus bill has passed the Senate.
- Conference Update: WC Court Annual Educational Conference to be held in Newport on Wednesday, September 30-October 2, 2009.
- Underground Economy: Massachusetts is hosting a meeting on Friday, October 2, 2009. NY, NJ, RI, NH, DE and MA will meet to discuss “Underground Economy”.

- Risk Metrics: DLT has been approached by Risk Metrics to obtain access to Proof of Coverage database that includes effective dates of coverage. DLT is of the opinion this is proprietary information and will not be released. DLT anticipates a challenge. Mr. Carey reported that Risk Metrics has been successful in other states in obtaining this data. IIARI is concerned that this infringes on agencies ownership of renewals.

IV. Legislative Updates

a. Property and Casualty

The P&C update was given by Bob Suglia.

- The General Assembly is expected to reconvene October 28 and 29th. It is “up in the air” as to what bills will be considered.
- Superintendent Torti advised the members that he was contacted by Senate Policy regarding social security numbers. The Department is concerned that a bill may be introduced banning insurers from requesting social security numbers. He noted this could have a devastating impact on insurers and the RI marketplace. Council members discussed concerns on such prohibition including impact on underwriting, workers compensation system, child support act, Medicare, etc. The Department would appreciate any input from industry on the impact such prohibition would have in RI.

b. Workers’ Compensation

Michael Lynch provided the update. All Workers’ Compensation bills are sitting in House Labor. Mr. Lynch agreed with Mr. Carey’s report also noting that the Omnibus Bill proposals can be carried over to 2010. However, the Uninsured Fund provisions need to be extended. Otherwise, DLT has to administer an uninsured fund absent any funding.

c. Health

Kelly Sheridan provided the update.

- S777/H5613- Statewide Teachers Contract – The bill would create a mechanism for group purchasing of health insurance by school districts. The Governor vetoed the bill. Industry believes the bill as drafted is better than no bill and may have potential for override.
- S560/H5824-Health Mandate Statute- High deductible products with health saving accounts. The proposal will wipe out the sunset provisions. The Senate extended the bill another year waiting for report from OHIC. Passed both Houses. Council members discussed the urgency behind this bill. The

Council consensus was for Mr. Sheridan to draft a letter to the Governor asking for support.

d. Life

No Life update was provided. Michael Bartholomew was not present.

V. Disaster Preparedness Subcommittee Update

Property and Casualty Insurance Chief Paula Pallozzi provided the update. The Subgroup last met on August 25, 2009. The following update was provided:

- Vehicle Placards have been issued and were mailed to Insurers on August 21, 2009. 1580 Placards were distributed. Enclosed with the placards is a letter from Superintendent Torti. She noted it is the insurers responsibility to maintain a record of assignments of placards to company as well as independent adjusters. At the meeting insurers asked questions on the trigger of placards as well as other implementation issues. Ms. Pallozzi has drafted a FAQ Bulletin that has been circulated to Subgroup members for review. The FAQ's will be discussed at our next meeting targeted for mid/late October.
- Disaster Recovery Centers "DRC"/"Insurance Villages"- Joe Cournoyer of EMA was unable to attend the August meeting. Discussions on "Insurance Villages" will be a topic for our upcoming meeting. Ms. Pallozzi once again requested insurers provide her with any specific needs the insurer foresees relating to DRC's.
- Other State's Interest: Ms. Pallozzi reported that the states of CT, DE, MA and NJ all expressed an interest in our Plan. Ms. Pallozzi provided copies of the RI Plan as well as work product to assist the states, rather than reinventing the wheel.

VI. Any Other Business

Ms. Pallozzi provided an update on the WCAC Subgroup on Alternative Payment Methods for WC Benefits. The Group is expected to reconvene this fall. She is in the process of surveying the states on this subject and hopes to have substantive information for the group to review at its next meeting. Ms. Pallozzi acknowledged that a thorough and thoughtful review would be required, as system/implementation costs as well as benefits would need to be considered before any legislation is considered.

Mr. Male will be sending an e-mail to all Council members asking each member to update his/her respective contact information. He also continues to be in contact with the Governor's Office on the official roster.

There being no further business, the meeting was adjourned at 9:20 a.m. The next meeting of the Council will be held on October 27, 2009 at 8:30 a.m.